

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2925 - SB 3712**

March 5, 2010

**SUMMARY OF BILL:** Authorizes the Alcoholic Beverage Commission (ABC) to monitor and enforce compliance with the responsible vendor program. Requires entities licensed to sell beer for on-premises consumption that seek status as a responsible vendor to pay a \$35 annual fee in addition to an annual fee based on the number of certified servers at the time of application. Requires fees for certification be paid to ABC for deposit into the Responsible Vendor Certification Fund. Authorizes local governments to assess up to a \$1,000 fine when a responsible vendor makes a sale of alcohol to a minor and up to a \$2,500 fine when a vendor who is not certified as a responsible vendor makes a sale of alcohol to a minor.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$16,800/Responsible Vendor Certification Fund**

**Increase State Expenditures – \$26,600/Responsible Vendor Certification Fund**

**Increase Local Revenue – Up To \$163,500/Permissive**

**Increase Local Expenditures – Not Significant**

**Assumptions:**

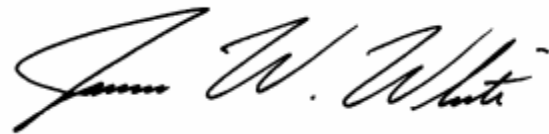
- According to ABC, there are approximately 2,700 on-premises liquor-by-the-drink licenses. The number of beer permits statewide is unknown because there is no central agency to collect or report such data. It is assumed that there are approximately 3,000 establishments with beer permits.
- The number of establishments that will seek status as a responsible vendor is unknown. According to ABC, approximately eight percent of beer permit holders will enroll in the responsible vendor program.
- Estimate assumes 240 (3,000 x 8%) beer permit holders will enroll in the responsible vendor program.
- The minimum certification fee, based on the number of servers per establishment, is \$25 resulting in an increase to the ABC Responsible Vendor Certification Fund that exceeds \$6,000 (240 x \$25).
- According to ABC, server permits are valid for five years. Servers seeking certification under the Responsible Vendor Program will only be required to pay a fee every five years. There is a \$15 fee per server. The number of servers per establishment seeking status as a responsible vendor is unknown; however, according to ABC there will be an average of 15 servers per establishment resulting in an annual increase in revenue to the ABC Responsible Vendor Fund of \$10,800 [(240 x 15 x \$15) x 0.20 annually].

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- There are no data available regarding the number of citations issued by local beer boards for the sale of alcohol for on-premises consumption to a minor. According to a survey of Williamson, Montgomery, Hamilton and Davidson Counties, there are no standard penalties or fees for the sale of alcohol to a minor nor is there any comprehensive reporting mechanism to record the number of citations issued in each county. However, the survey indicated the average fine to be \$500. According to ABC, 80 citations were issued in 2009 for the sale of alcohol to a minor for on-premises consumption. There are 87 counties that authorize the sale of alcohol for on-premises consumption. Estimate assumes local beer boards will issue one additional citation per county resulting in a total of 87 new citations.
- Fines are collected at a rate of 90 percent.
- Because the current average fine for the sale of alcohol for on-premises consumption to a minor is below the proposed maximum of \$1,000 and \$2,500 respectively there will be an increase to local government revenue up to \$163,500 [(7 fines x \$500) + (80 fines x \$2,000)].
- Local governments will not increase or decrease the number of “sting” operations. Staff time required to verify a permit holder’s Responsible Vendor status can be accommodated within existing local resources.
- According to ABC, one additional position will be required to accept and review vendor and server applications. The increase to recurring state expenditures from the Responsible Vendor Fund for the additional position is estimated to be \$26,573 per year (\$14,383 salary; \$7,410 benefits; and \$4,780 other).

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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